

1 BILL NO. S-82-06-31

2 SPECIAL ORDINANCE NO. S-

119-82

3 (AS AMENDED)

4 AN ORDINANCE authorizing the City of
5 Fort Wayne, Indiana's further partici-
6 pation with respect to International
7 Harvester Company's Parts Distribution
8 Center.

9 WHEREAS, the Common Council of the City of Fort Wayne,
10 Indiana, in Bill No. S-82-06-15, has approved the City of Fort
11 Wayne's participation in an Interlocal Cooperation Agreement
12 with respect to International Harvester Company's Parts Distri-
13 bution Center; and

14 WHEREAS, said participation involved a financial commit-
15 ment of up to Three Million and No/100 Dollars (\$3,000,000.00)
16 that would only be ^{PAYABLE} possible in the instances as outlined in
17 the Interlocal Cooperation Agreement approved by this Common
18 Council; and

19 WHEREAS, it is necessary for the City of Fort Wayne
20 to make a further commitment with respect to International
21 Harvester Company's Parts Distribution Center.

22 NOW THEREFORE, BE IT ORDAINED BY THE COMMON COUNCIL
23 OF THE CITY OF FORT WAYNE:

24 SECTION 1. The Common Council of the City of Fort
25 Wayne, Indiana and the administration are committed to economic
26 development and economic improvement, all for the benefit of
27 the citizens of this community.

28 SECTION 2. The City of Fort Wayne, Indiana is hereby
29 given authority and approval to provide an additional financial
30 commitment of up to One Million Five Hundred Thousand and No/100
31 Dollars (\$1,500,000.00) from its City of Fort Wayne Community
32 Trust with respect to International Harvester Company's Parts
Distribution Center, said sums to be provided upon the terms

1 Page Two

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3 and conditions as outlined in the Interlocal Cooperation Agreement
4 as approved by this Common Council.

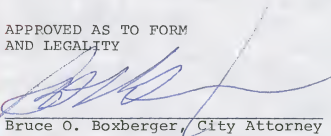
5 SECTION 3. Notwithstanding anything herein to the
6 contrary, the additional commitment herein made shall not be
7 effective until the Common Council of the City of Fort Wayne has
8 established a proper Reserve Fund with respect to this additional
9 commitment herein referred to.

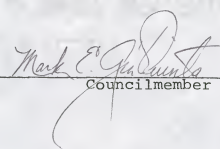
10 SECTION 4. That the City of Fort Wayne Community
11 Trust as established by General Ordinance No. G-21-75, by this
12 Common Council is hereby further amended to conform to the terms
13 and conditions of this Ordinance.

14 SECTION 5. If any section, clause, sentence, para-
15 graph, part or provision of this Ordinance shall be held invalid,
16 it shall be conclusively presumed that this Ordinance would have
17 been passed by the Common Council of the City of Fort Wayne,
18 Indiana without such invalid section, clause, sentence, para-
19 graph, part or provision.

20 SECTION 6. That this Ordinance shall be in full force
21 and effect from and after its passage and any and all necessary
22 approval by the Mayor.

23
24
25 APPROVED AS TO FORM
26 AND LEGALITY

27
28 
29 Bruce O. Boxberger, City Attorney
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31
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Councilmember

7-13-82

BILL NO. S-82-06-21

SPECIAL ORDINANCE NO. S-_____

AN ORDINANCE authorizing the City of Fort Wayne, Indiana's participation in a transaction involving International Harvester Company and the further amending of the City of Fort Wayne Community Trust.

WHEREAS, the economic condition of the Fort Wayne, Allen County, area is in a distressed state; and

WHEREAS, the largest employer in the area is International Harvester Company; and

WHEREAS, the City of Fort Wayne and Bobeck Real Estate Company, Inc. have together participated in negotiations with International Harvester Company to assist International Harvester Company so as to allow International Harvester Company to retain operations in the geographic area; and

WHEREAS, the City of Fort Wayne, Allen County, Indiana, and Bobeck Real Estate Company, Inc. have agreed to participate in a transaction involving International Harvester's intention to sell its leasehold interest in its Material Management Center at 1616 Profit Drive, Fort Wayne, Indiana and its Truck Design Center at 3301 Wayne Trace, Fort Wayne, Indiana, and to lease, upon reasonable terms, rehabilitated office facilities from Bobeck Real Estate Company, Inc. located at the intersection of Meyer Road and New Haven Avenue which Bobeck Real Estate Company, Inc. intends and has contracted to purchase from North American Van Lines, Inc. or one of its related companies in order to facilitate the transaction herein contemplated; all in a fashion that would improve International Harvester Company's cash flow situation in general and assist International Harvester Company in maintaining its operations locally; and

WHEREAS, the City of Fort Wayne's participation and

1 Page Two

2
3 financial commitment in the above described transaction is an
4 agreement by the City of Fort Wayne to purchase from Bobeck
5 Real Estate Company, Inc., its transferees, successors, or
6 assigns the real estate and improvements thereon located at
7 the intersection of New Haven Avenue and Meyer Road in Fort
8 Wayne, Indiana, Allen County, Indiana for up to One Million
9 Five Hundred Thousand and No/100 Dollars (\$1,500,000.00) only
10 in the instances and extents as provided for and defined in
11 the Real Estate Purchase and Sale Agreement by and between
12 the City of Fort Wayne and Bobeck Real Estate Company, Inc.; and

13 WHEREAS, the rights of the City of Fort Wayne, with
14 respect to the New Haven Avenue-Meyer Road transaction and the
15 limitations on the liabilities of the City of Fort Wayne with
16 respect to such transaction, are as outlined in such Real
17 Estate Purchase and Sale Agreement; and

18 WHEREAS, the Common Council of the City of Fort
19 Wayne, Indiana has previously created, by General Ordinance
20 No. G-21-75, a Trust Agreement entitled "The City of Fort
21 Wayne Community Trust", said Trust created for the general
22 welfare and benefit of the citizens of this community; and

23 WHEREAS, to provide the financial commitments of the
24 City of Fort Wayne, Indiana, as herein referred to in this
25 Ordinance, it will be necessary for the Common Council to amend
26 said Trust Agreement (The City of Fort Wayne Community Trust);
27 and

28 WHEREAS, it will be necessary for the Common Council
29 of the City of Fort Wayne to approve the proposed Real Estate
30 Purchase and Sale Agreement by and between the City of Fort
31 Wayne, Indiana; Allen County, Indiana; and Bobeck Real Estate
32 Company, Inc.;

1 Page Three

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3 NOW THEREFORE, BE IT ORDAINED BY THE COMMON COUNCIL OF
4 THE CITY OF FORT WAYNE, INDIANA:

5 SECTION 1. The Common Council of the City of Fort
6 Wayne, Indiana, and the administration are committed to economic
7 development and economic improvement, all for the benefit
8 of the citizens of this community.

9 SECTION 2. The City of Fort Wayne's participation
10 in the Real Estate Purchase and Sale Agreement by and between
11 the City of Fort Wayne, Indiana; Allen County, Indiana; and
12 Bobeck Real Estate Company, Inc. is hereby approved and said
13 Real Estate Purchase and Sale Agreement is hereby ratified and
14 approved in all respects. Furthermore, the Mayor of the
15 City of Fort Wayne, Indiana is hereby authorized to enter into
16 said Real Estate Purchase and Sale Agreement on behalf of the
17 City of Fort Wayne, Indiana. A copy of said Real Estate
18 Purchase and Sale Agreement is attached hereto, made a part
19 hereof, as if fully set out herein, and furthermore, two
20 copies of said Real Estate Purchase and Sale Agreement are
21 on file with the City Clerk's Office and made available for
22 public inspection according to law. To help insure the avail-
23 ability of monies for the City's financial commitment as provided
24 in the Real Estate Purchase and Sale Agreement, it is agreed that
25 there shall be maintained for the purposes herein set forth,
26 a minimum balance of One Million Five Hundred Thousand and No/100
27 Dollars (\$1,500,000.00) in the City of Fort Wayne Community
28 Trust for the duration of the lease obligations of International
29 Harvester Company or any exercised renewals or extensions
30 thereof provided for under said lease and exercised by
31 International Harvester Company.

32 SECTION 3. The City of Fort Wayne Community Trust,

1 Page Four

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3 as established by General Ordinance No. G-21-75, by this
4 Common Council, is hereby amended. In that regard, the Board
5 of Trustees of the City of Fort Wayne Community Trust is
6 hereby authorized to execute the Amendment to the City of Fort
7 Wayne Community Trust attached hereto, made a part hereof, as
8 if fully set out herein. Two copies of said Amendment are on
9 file with the City Clerk's Office and made available for public
10 inspection according to law.

11 SECTION 4. If any section, clause, sentence, para-
12 graph, part or provision of this Ordinance shall be held invalid,
13 it shall be conclusively presumed that this Ordinance would have
14 been passed by the Common Council of the City of Fort Wayne,
15 Indiana without such invalid section, clause, sentence, paragraph,
16 part or provision.

17 SECTION 5. That this Ordinance shall be in full
18 force and effect from and after its passage and any and all
19 necessary approval by the Mayor.
20

21
22 _____
Councilmember

23 APPROVED AS TO FORM AND LEGALITY
24 THIS 28TH DAY OF JUNE, 1982.

25 *Bruce O. Boxberger*

26 Bruce O. Boxberger, City Attorney
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Read the first time in full and on motion by _____, seconded by _____, and duly adopted, read the second time by title and referred to the Committee _____ (and the City Plan Commission for recommendation) and Public Hearing to be held after due legal notice, at the Council Chambers, City-County Building, Fort Wayne, Indiana, on _____, 19____, the _____ day of _____, at _____ o'clock _____ M., E.S.T.

DATE: _____

Charles W. Westerman
CHARLES W. WESTERMAN - CITY CLERK

Read the third time in full and on motion by _____, seconded by _____, and duly adopted, placed on its passage. PASSED (LOST) by the following vote:

	<u>AYES</u>	<u>NAYS</u>	<u>ABSTAINED</u>	<u>ABSENT</u>	<u>TO-WIT:</u>
<u>TOTAL VOTES</u>	<u>6</u>	<u>2</u>	_____	<u>1</u>	<u>9</u>
<u>BRADBURY</u>	<u>X</u>	_____	_____	_____	<u>✓</u>
<u>BURNS</u>	<u>X</u>	<u>X</u>	_____	_____	<u>✓</u>
<u>EISBART</u>	<u>X</u>	_____	_____	_____	<u>✓</u>
<u>GIAQUINTA</u>	<u>X</u>	_____	_____	_____	<u>✓</u>
<u>NUCKOLS</u>	_____	_____	_____	<u>X</u>	<u>✓</u>
<u>SCHMIDT</u>	_____	<u>X</u>	_____	_____	<u>✓</u>
<u>SCHOMBURG</u>	<u>X</u>	_____	_____	_____	<u>✓</u>
<u>STIER</u>	<u>X</u>	_____	_____	_____	<u>✓</u>
<u>TALARICO</u>	<u>X</u>	_____	_____	_____	<u>✓</u>

DATE: 7-13-82

Charles W. Westerman
CHARLES W. WESTERMAN - CITY CLERK

Passed and adopted by the Common Council of the City of Fort Wayne, Indiana, as (ZONING MAP) _____ (GENERAL) _____ (ANNEXATION) _____ (SPECIAL) _____

(APPROPRIATION) ORDINANCE (RESOLUTION) - NO. 5-119-82
on the 13th day of July, 1982.

ATTEST:

(SEAL)

Charles W. Westerman
CHARLES W. WESTERMAN - CITY CLERK

Samuel J. Talarico
PRESIDING OFFICER

Presented by me to the Mayor of the City of Fort Wayne, Indiana, on the 14th day of July, 1982, at the hour of 11:30 o'clock A. M., E.S.T.

Charles W. Westerman
CHARLES W. WESTERMAN - CITY CLERK

Approved and signed by me this 14th day of July, 1982, at the hour of 2 o'clock P. M., E.S.T.

Win Moses, Jr.
WIN MOSES, JR. - MAYOR

Read the first time in full and on motion by _____,
seconded by _____, and duly adopted, read the second time
by title and referred to the Committee _____ (and the City
Plan Commission for recommendation) and Public Hearing to be held after
due legal notice, at the Council Chambers, City-County Building, Fort Wayne,
Indiana, on _____, the _____ day of
_____, 19____, at _____ o'clock _____.M.,E.S.T.

DATE: _____

CHARLES W. WESTERMAN - CITY CLERK

Read the third time in full and on motion by _____,
seconded by _____, and duly adopted, placed on its
passage. PASSED (LOST) by the following vote:

	<u>AYES</u>	<u>NAYS</u>	<u>ABSTAINED</u>	<u>ABSENT</u>	<u>TO-WIT:</u>
<u>TOTAL VOTES</u>	<u>1</u>	<u>6</u>	<u>1</u>	<u>1</u>	_____
<u>BRADBURY</u>	_____	<u>X</u>	<u>Fale</u>	_____	_____
<u>BURNS</u>	_____	_____	<u>X</u>	_____	_____
<u>EISBART</u>	_____	<u>X</u>	_____	_____	_____
<u>GiaQUINTA</u>	_____	<u>X</u>	_____	_____	_____
<u>NUCKOL'S</u>	_____	_____	_____	<u>X</u>	_____
<u>SCHMIDT</u>	<u>X</u>	_____	_____	_____	_____
<u>SCHOMBURG</u>	_____	<u>X</u>	_____	_____	_____
<u>STIER</u>	_____	<u>X</u>	_____	_____	_____
<u>TALARICO</u>	_____	<u>X</u>	_____	_____	_____

DATE: _____

CHARLES W. WESTERMAN - CITY CLERK

Passed and adopted by the Common Council of the City of Fort Wayne,
Indiana, as (ZONING MAP) (GENERAL) (ANNEXATION) (SPECIAL)
(APPROPRIATION) ORDINANCE (RESOLUTION) NO. _____
on the _____ day of _____, 19____.

ATTEST:

(SEAL)

CHARLES W. WESTERMAN - CITY CLERK

PRESIDING OFFICER

Presented by me to the Mayor of the City of Fort Wayne, Indiana, on
the _____ day of _____, 19____, at the hour of
_____ o'clock _____.M.,E.S.T.

CHARLES W. WESTERMAN - CITY CLERK

Approved and signed by me this _____ day of _____
19____, at the hour of _____ o'clock _____.M.,E.S.T.

WIN MOSES, JR. - MAYOR

BILL NO. S-82-06-31

REPORT OF THE COMMITTEE ON FINANCE

WE, YOUR COMMITTEE ON Finance TO WHOM WAS REFERRED AN
ORDINANCE authorizing the City of Fort Wayne, Indiana's participation
in a transaction involving International Harvester Company and the
further amending of the City of Fort Wayne Community Trust

HAVE HAD SAID ORDINANCE UNDER CONSIDERATION AND BEG LEAVE TO REPORT
BACK TO THE COMMON COUNCIL THAT SAID ORDINANCE PASS.

MARK E. GiaQUINTA - CHAIRMAN

PAUL M. BURNS - VICE CHAIRMAN

JAMES S. STIER

JOHN NUCKOLS .

DONALD J. SCHMIDT

2-13-82 CONCURRED IN
DATE _____ CHARLES W. WESTERMAN, CITY CLERK

REAL ESTATE PURCHASE AND SALE AGREEMENT

THIS AGREEMENT, executed in quadruplicate by and between Bobeck Real Estate Company, Inc., Fort Wayne, Indiana, hereinafter called the "OWNER" and the City of Fort Wayne, Allen County, Indiana, hereinafter called "CITY";

WITNESSETH:

A. WHEREAS, the parties have together participated in negotiations with the International Harvester Company (hereinafter referred to as "I.H.C.") to assist I.H.C. so as to allow I.H.C. to retain operations in this geographic area; and

B. WHEREAS, the parties have participated with I.H.C. and Owner with respect to Owner's purchase of certain real estate in Allen County, Indiana from a third party wherein said real estate will be leased to I.H.C. to be used, at the outset, for office operations being displaced from another leased facilities; and

C. WHEREAS, the change in leased premises and terms thereof will result in I.H.C. improving its cash flow position and yet retain the operations and personnel in this geographic location; and

D. WHEREAS, to facilitate the above, Owner is acquiring or has acquired title to a certain piece of real estate in Allen County, Indiana, and more particularly described as follows, to-wit:

E. WHEREAS, Owner is, in order to finance the cost of purchase of the real estate and to rehabilitate improvements on the real estate, borrowing One Million Five Hundred Thousand (\$1,500,000.00) Dollars on a first mortgage loan on said real estate, which mortgage remains unpaid.

F. WHEREAS, Owner, in the event of a default by I.H.C. in its obligations to Owner under its lease of subject real estate and Owner's default in payment required on its mortgage loan on said real estate is agreeable to and desirous of City acquiring title to said real estate and by this Agreement proposes to

provide sufficient and adequate means for said City to acquire title to said real estate.

G. WHEREAS, City, to facilitate the desired transaction agrees for the term of the lease and renewals and extensions thereof provided for therein and exercised, to purchase and acquire title to the real estate in the event of I.H.C.'s default in any of its obligations to Owner under said lease of the real estate (a copy thereof being attached hereto and marked Exhibit "A" and by this reference incorporated herein) and Owner's default in payments on its mortgage loan on said real estate.

NOW THEREFORE, in consideration of the premises recited, and of the mutual covenants and premises herein contained, and of other good and valuable considerations, it is mutually agreed by and between the parties hereto as follows, to-wit:

1. During the term of the lease and any extension or renewals exercised and provided for therein, the Owner agrees that if and in the event that I.H.C. defaults in any of its obligations to Owner under the lease attached hereto as Exhibit "A" and in the event that Owner shall at some future date fail to carry forth its obligations on its mortgage loan in the original amount of \$1,500,000, under the terms and conditions more particularly described in said mortgage loan, that Owner will sell, assign, transfer and convey the within described real estate to City, for a sum equal to the unpaid principal and interest balance due upon said mortgage loan, said balance to include principal, interest, accrued taxes (if any), insurance, costs and other charges lawfully assessed by the mortgagee but in no event to exceed \$1,500,000, such sale, transfer and conveyance to City to take place only upon the occurrence of both of the following events: (1) that I.H.C. defaults in any of its obligations to Owner under the lease attached hereto as Exhibit "A", and (2) that the Owner defaults in any of its payments of principal and interest, or both, to its mortgagee, in connection with said mortgage loan or in the event of default in the payment of any other obligations or other conditions set forth in connection with its mortgage loan agreement, and if such default continues for a period of

sixty (60) days, then, and in that event, Owner, upon notice in writing from either the mortgagee or City or both, shall convey as herein stipulated, and in such other manner and by such other instruments as City may request.

2. City agrees that in the event the conditions of default as herein described shall occur, obliging Owner to sell said real estate as herein provided, then, and in that event, City agrees to and will buy said real estate, under the terms and conditions herein provided, City and Owner mutually agree that the "sell" and "buy" provisions of this Agreement shall not, for the term of this Agreement, be cancelled, changed, or altered in any way without the written consent of the mortgagee.

3. The Owner further agrees that simultaneously with the execution of this Agreement, it will cause to be executed a good and sufficient Warranty Deed to said described real estate, conveying same to City free and clear of any liens or encumbrances except current taxes and assessments, and will place said Warranty Deed in escrow, together with a copy of this Agreement, with any bank or trust company in the City of Fort Wayne, Indiana, as may be designated by City, with instructions to the escrow agent, in form and content as attached hereto as Exhibit "B", that he, or it, upon receiving notice from the mortgagee or City to the effect such default has occurred and upon receiving from City the purchase price provided for herein shall deliver said Warranty Deed to City or its authorized representative forthwith as herein-after provided for; provided, however, that during the term of the lease or any exercised renewals or extensions provided for therein, that the default provided for herein does not occur, said escrow agent shall be required, upon receiving notice to that effect from mortgagee to deliver said Warranty Deed, so held in escrow, back to Owner. An executed copy of such letter of instructions with the acceptance of the Escrow Agent endorsed thereon shall be delivered to City and mortgagee. City agrees that upon receiving written notice from mortgagee to the effect that the defaults provided for herein have occurred and that the same has continued for a period of sixty (60) days, it will,

within thirty (30) days thereafter, purchase said property from Owner for a sum equal to the unpaid principal and interest due upon said mortgage loan with mortgagee, said sum to include principal, interest, accrued taxes (if any), insurance, costs and charges lawfully assessed by mortgagee, but not to exceed \$1,500,000 in any event, by delivering such sum to escrow agent. Upon receipt of such sum the Escrow Agent shall immediately transmit the same to mortgagee and deliver to City, Owner's said Warranty Deed held by it (the Escrow Agent). Upon receipt of said sum mortgagee shall assign the note and mortgage (but without recourse or warranty) to City or execute a release and satisfaction of the same as City may, in writing, direct. Owner agrees that in the event said deed is delivered to City by the Escrow Agent as herein provided, it (Owner), will pay all cost and expense of title search, continuation of abstract of title and documentary stamps for the deed.

4. Owner agrees that during the period of time in which said mortgage loan or any extension or replacement thereof is in effect it will keep and maintain the real estate and the improvements thereon in a good state of repair.

5. It is expressly understood and agreed by the parties that this Agreement shall be assigned by Owner to mortgagee as security for the said mortgage loan, and City, in purchasing said real estate hereunder, shall pay the purchase price directly to the escrow agent as provided for herein, but such assignment shall be made in the form affixed to this Agreement and City shall, and does hereby consent to such assignment.

6. It is expressly understood that Owner has the right to transfer and assign all or any part of its interests herein and to the real estate to another entity, person, or persons and if it so elects Owner shall cause at its cost, all documents and obligations required of it hereunder to be completed, assumed, and delivered by any transferee of such interest. Owner shall have the right, in order to obtain more favorable financing, to obtain new first mortgages with other or the same mortgagees on the real estate, but cannot, in any such event, ever increase the principal mortgage balance then outstanding.

7. Any notice shall be sufficient if given by registered mail, addressed to Owner at _____ addressed to City at _____, and to mortgagee wherever it might direct the parties hereto and escrow agent in writing.

IN WITNESS WHEREOF, the parties hereto have hereunto affixed their hands and seals this _____ day of _____, 1982.

BOBECK REAL ESTATE COMPANY, INC.

By _____

CITY OF FORT WAYNE

By _____

ATTEST:

Its _____

STATE OF INDIANA)
) SS:
COUNTY OF ALLEN)

Before me, the undersigned, a Notary Public, in and for said County and State, this ____ day of _____, 1982, personally came Bobeck Real Estate Company, Inc. by _____, its President, and _____, its Secretary, who, as such officers, for and on behalf of said corporation, pursuant to the authority vested in them by the Board of Directors thereof, acknowledged the execution of the foregoing instrument.

WITNESS my hand and official seal.

Notary Public

My Commission Expires:

County of Residence:

STATE OF INDIANA)
) SS:
COUNTY OF ALLEN)

Before me, the undersigned, a Notary Public, in and for said County and State, this ____ day of _____, 1982, personally came the City of Fort Wayne, by _____, its _____ and _____, its _____, who, as such officers, for and on behalf of said municipal corporation, pursuant to the authority vested in them by law and the Common Council of said City of Fort Wayne, acknowledged the execution of the foregoing instrument.

WITNESS my hand and official seal.

Notary Public

My Commission Expires:

County of Residence:

ASSIGNMENT OF AGREEMENT

For One Dollar (\$1.00) and other valuable considerations, not herein expressed, the annexed Agreement with all rights and privileges thereunto appertaining is hereby assigned and transferred to _____.

This assignment is made, executed and delivered to the said _____ as additional security to secure the payment of a certain promissory note dated the ____ day of _____, 1982, in the principal amount of One Million Five Hundred Thousand Dollars (\$1,500,000), executed by Bobeck Real Estate Company, Inc. to _____, which note is secured by a first real estate mortgage lien upon the following described real estate in Allen County, Indiana, to-wit:

executed by Bobeck Real Estate Company, Inc., to _____, dated the ____ day of _____, 1982, recorded the ____ day of _____, 1982, as Document Number _____, pages _____, in the office of the Recorder of Allen County, Indiana.

The acceptance of this assignment shall not (a) impose any duty, liability or responsibility upon said assignee; (b) in any manner waive any of the terms or provisions of said note or mortgage (c) release the City of Fort Wayne from its obligation to buy the property and pay the purchase price to the assignee as in said agreement made and provided; (d) nor relieve the undersigned from any of its obligations under said agreement.

WITNESS the hand and seal of Bobeck Real Estate Company, Inc. this ____ day of _____, 1982.

BOBECK REAL ESTATE COMPANY, INC.

By _____
President

ATTEST:

(CORPORATE SEAL)

STATE OF INDIANA)
) SS:
COUNTY OF ALLEN)

Before me, the undersigned, a Notary Public in and for said County and State, this ____ day of _____, 1982, personally appeared the within named _____ and _____, to be well known and by me known to be the President and Secretary, respectively of Bobeck Real Estate Company, Inc. and for and on behalf of said corporation acknowledged the execution of the foregoing instrument as the free and voluntary act of said corporation, and respectively certify that the Seal thereunto attached is the Corporate Seal of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and Notarial Seal.

Notary Public

My Commission Expires:

County of Resident:

INSTRUCTIONS TO ESCROW AGENT

Fort Wayne, Indiana Bank

There is delivered to you herewith the general warranty deed of the undersigned, Bobeck Real Estate Company, Inc., conveying to The City of Fort Wayne, Indiana, the following described real estate located and situated in Allen County, Indiana, to-wit:

Attached hereto is a copy of a certain real estate purchase and sale agreement dated ____ day of _____, 1982, between Bobeck Real Estate Company, Inc. and the City of Fort Wayne, Indiana. The enclosed Warranty Deed is delivered herewith to be held by you as escrow agent designated as in said agreement made and provided for and subject to all the terms and provisions thereof.

Very truly yours,

BOBECK REAL ESTATE COMPANY, INC.

By _____
President

The undersigned hereby accepts appointment as Escrow Agent as aforesaid, acknowledged receipt of the Warranty Deed shown above and as referred to and agrees to hold the same subject to all the terms and provisions of the said agreement dated ____ day of _____, 1982, between Bobeck Real Estate Company, Inc. and the City of Fort Wayne, Indiana.

The undersigned hereby agrees to look solely to Bobeck Real Estate Company, Inc. for the payment of its fees, costs and expenses incurred by it as Escrow Agent under said agreement.

Dated ____ day of _____, 1982.

Escrow Agent

CONSENT TO ASSIGNMENT

The City of Fort Wayne, Allen County, Indiana, hereby consent to and approve the assignment of the annexed agreement by Bobeck Real Estate Company, Inc. of Fort Wayne, Indiana, to _____, subject to all the terms, conditions and provisions contained in said agreement, on this ____ day of _____, 1982.

CITY OF FORT WAYNE, INDIANA

By _____
Its _____

ATTEST:

Its _____

(SEAL OF THE CITY OF FORT WAYNE)

STATE OF INDIANA)
) SS:
COUNTY OF ALLEN)

Before me, the undersigned, a Notary Public, in and for said County and State, this ____ day of _____, 1982, personally came the City of Fort Wayne, by _____, its _____ and _____, its _____, who, as such officers, for and on behalf of said municipal corporation, pursuant to the authority vested in them by law and the Common Council of said municipality, acknowledged the execution of the foregoing instrument.

WITNESS my hand and official seal.

Notary Public

My Commission Expires:

County of Residence: _____

LEASE

THIS INDENTURE OF LEASE, executed in duplicate this _____ day of _____, 1982, by and between _____

hereinafter designated as "LESSOR," and International Harvester Company, a Delaware corporation, with general offices at 401 North Michigan Avenue, Chicago, Illinois, 60611, hereinafter designated as "LESSEE,"

WITNESSETH:

PREMISES

The Lessor, in consideration of the rents agreed to be paid by the Lessee has hereinafter specified, and the covenants of the Lessee hereinafter contained, does hereby Lease unto the said Lessee the following described premises situate, lying and being in the City of Fort Wayne, County of Allen, State of Indiana, to-wit:

See Exhibit A attached and by this reference made a part hereof.

TERM

To have and to hold the above described, demised and leased premises unto the said Lessee for a term of ten (10) years, commencing July 1, 1982, and ending June 30, 1993.

RENEWAL OPTION

The Lessee shall have the right, at its option, to extend the term of this Lease for a ten (10) year period commencing with the expiration of the basic term, by giving the Lessor written notice of its intention to extend at least twelve (12) months prior to expiration of the basic term.

RENT

The Lessee hereby agrees to pay the Lessor for said premises during said term an annual net rental of at least One Hundred Thirty-Seven Thousand One Hundred Fifty and 00/100 Dollars (\$137,150.00) payable in installments Eleven Thousand Four Hundred Twenty-Nine and 17/100 Dollars (\$11,429.17) in advance on the first day of each and every month during the first twelve months of the term of this Lease, net rent to be the amount payable to Lessor in addition to all expenses of Lessor assumed by the Lessee under this Lease.

Thereafter, beginning July 1, 1983, during the leasehold term, or any extensions thereof provided for herein, net rent shall be increased annually at a rate equal to One Hundred Thirty-Seven Thousand One Hundred Fifty Dollars (\$137,150.00) per annum or Eleven Thousand Four Hundred Twenty-Nine and 17/100 Dollars (\$11,429.17) per month plus such additional amount, if any, computed by multiplying any decrease in the purchasing power of One Hundred Thirty-Seven Thousand One Hundred Fifty Dollars (\$137,150.00) for each year during the last nine (9) years of the leasehold term. For such purposes, at the expiration of each lease year, within thirty (30) days after the publication and issuance thereof, the Lessor shall deliver to the Lessee a true copy of the Consumers Price Index (hereinafter called the "Index") for all items of the Bureau of Labor Statistics of the United States Department of Labor for the month ending June, 1982, (hereinafter called the "base month") and the Consumer Price Index for the month ending June of that calendar year. If the June Index for each lease year after the first (beginning June,

EXHIBIT A

1983) shows a decrease in the purchasing power of One Hundred Thirty-Seven Thousand One Hundred Fifty Dollars (\$137,150.00) as compared in each case with the Index for the month ending June, 1982, the Lessor shall furnish the Lessee with a computation of the additional amount, if any, to be paid by the Lessee during that lease year. Such additional amount shall be divided and paid in twelve (12) equal monthly installments during such one-year period. Pending the determination of the additional amount, if any, to be paid by the Lessee each lease year after the first, the Lessee shall continue to pay the net rent at the monthly rate paid the previous year, and when the additional amount has been determined as aforesaid, the Lessee on the first day of the month immediately following the furnishing of the computation thereof, shall pay to the Lessor the number and amount of installments that shall have elapsed from the commencement of the lease year in question up to and including the first day of such month.

If at the time required for the determination of the additional rent the Index is no longer published or issued, or if at that time the Lessor or the Lessee is of the opinion that the Index does not accurately reflect in relationship to the base date the purchasing power of One Hundred Thirty-Seven Thousand One Hundred Fifty Dollars (\$137,150.00), the parties shall use such other Index as is then generally recognized and accepted for similar determinations of purchasing power. If the parties are unable to agree on the selection of an Index which would most accurately carry out the intent hereof, or if there is a dispute with respect to the computations of the additional rent as herein provided, then the issue with respect thereto shall be determined by arbitration in Fort Wayne, Indiana, in accordance with the rules of the American Arbitration Association, one arbitrator to be selected by the Lessor, one by the Lessee, and a third by the two arbitrators so selected.

Should the purchasing power of the dollar increase, the equivalent right of a downward adjustment of the rent from the previous year shall not, at anytime, be available to the Lessee.

Net rent is the amount payable to Lessor in addition to all expenses of Lessor assumed by Lessee under this Lease.

COVENANTS OF LESSEE

Lessee will be required to provide for the duration of this Lease, or any extension(s) thereof, all repairs, maintenance, and replacements of whatever nature, on a continuous basis, with regard to the leased property, including but not limited to the roof, structural portions of the building, the cleaning and maintenance of the interior, electric or other mechanical systems, parking, and landscaping of premises, all changes in all electric or other mechanical systems (which include, but are not limited to heating, ventilation, and air conditioning), all carpet repairs, carpet maintenance and layout, movement or arrangement of any and all chattels inside or outside any physical structure on the premises. It shall be the exclusive right and obligation of the Lessor to secure and provide the necessary maintenance personnel for the purpose of providing such continual maintenance. The maintenance personnel provided shall under no circumstances, be considered employees or agents for any purpose of the Lessee, and the Lessor shall agree to indemnify and hold harmless Lessee for any suits, claims or demands made by such maintenance personnel against Lessee, its officers or employees, unless such claims or demands are premised upon alleged acts of negligence on the part of Lessee or its agents. In addition, Lessor agrees to indemnify and hold harmless Lessee, its officers and employees for and against any suits, claims or demands for losses sustained by the third persons as a result of gross negligence of such maintenance personnel. It is agreed that the Lessee shall pay for all the maintenance and services provided, and the Lessor shall submit a statement covering the cost of such maintenance and service to

Lessee for this purpose. Lessee's responsibilities under this Lease shall specifically include but shall not be limited to this obligation to pay the costs and expenses of water, gas, plumbing, electricity, real estate taxes, and insurance covering the leased property. The term "real estate taxes" shall include all taxes and assessments levied by any governmental agency against any portion of the premises and for which Lessor is liable during the period of the Lease or which is incurred against the premises after commencing and during said period or imposed in connection with the receipt of rents from said premises to the extent the same shall be in lieu of any of the aforesaid taxes. Any rents or monies due Lessor under this Lease which are not paid within 20 days after written notice to the Lessee shall bear interest at the rate of 18 percent from the date of nonpayment until the date of payment. It is understood that Lessee will be responsible at its sole cost and expense, for the the complete maintenance and repair of structural defects and complete repair or maintenance or replacement of roof. The Lessor agrees that the subject premises and structures thereon will, at the time of occupancy, be in accordance with all existing public and governmental regulations and that the same are fit for use as general offices housing up to _____ employees. That said use will cause no additional alterations or expenses upon such premises or structures by the Lessee in order to comply with said public and/or governmental regulations.

INSURANCE

Lessee shall keep the Demised Premises (including all buildings, improvements and equipment) insured against loss or damage by fire and against loss or damage by such other insurable risks including earthquake and flood of similar or dissimilar nature as shall be insurable risks under present or future forms of "all-risk" casualty insurance policies which are standard for use in Indiana, with policy limits at market value in the event of no replacement, repair or reconstruction and at replacement cost in the event of replacement, repair or reconstruction thereof, naming Lessor and Lessee as coinsured parties with specific reference to this Lease. Lessor agrees that Lessee may fulfill this requirement with one or more insurance policies solely for the Demised Premises, by means of a master insurance policy applicable to a group of properties including the Demised Premises. Lessor covenants that it will not add a standard mortgagee's clause or "loss payable - mortgagee" clause or the like to the insurance contemplated by this paragraph without first having satisfied Lessee that the contractual obligations between Lessor and its mortgagee are such that insurance funds will be available for Lessor and Lessee to meet their obligation under this Lease, or that Lessor and its mortgagee have agreed in writing that any and all insurance proceeds shall be applied to the repair or reconstruction of the Demised Premises in accordance with this Lease. Lessor reserves the right to approve Lessee's insurance company and the terms of such insurance. Such approval shall not be unreasonably withheld or delayed. Lessee will give Lessor timely notice of such changes. Any insurance will not be invalidated if any insured waives in writing prior to loss, any right to recover against the other for loss occurring to or upon the insured property caused by negligence. The insurance contemplated by this paragraph shall contain a waiver of the insurance carrier's right to subrogation against either party hereto or any assignee or sublessee from or under Lessee for the benefit of Lessee arising out of any loss covered by said insurance. Lessee shall furnish a certificate or a duplicate policy of said insurance to Lessor upon Lessor's written request, evidencing that such insurance is maintained and in force. All insurance policies contemplated herein shall provide that they cannot be cancelled or modified without separate notices being given by the insurance carrier or its agent both to Lessor and to Lessee in the manner provided herein, for Notices between the parties, at least 30 days prior to any intended insurance termination. Lessor hereby authorizes

Lessee, without any obligation upon Lessee, to perform any act necessary and/or desirable to carry out the intent of this insurance paragraph as Lessee deems appropriate from time to time. Any additional or other insurance which Lessor may carry which is not contemplated or in conformity with the above requirements shall be at Lessor's sole cost and expense, shall not be considered as insurance premiums which Lessee is obliged to pay. Any such additional or other insurance shall provide for waiver of subrogation by the insurer against Lessee, its agents or employees.

USE OF PREMISES

It is agreed that said premises may be occupied by the Lessee for use as an office building.

DAMAGE BY CASUALTY OR FIRE

If said premises should be damaged or destroyed by casualty, explosion or fire, however caused, or by the elements, or any cause or happening, so as to be untenable or unfit for occupancy, then this Lease shall thereupon immediately cease and terminate, and any rent paid in advance shall be apportioned and refunded to the Lessee; but if said premises should be only partially damaged or destroyed by casualty, explosion or fire, however caused, or by the elements, or any cause or happening, then the same shall be promptly restored by the Lessor to their previous condition and a just and fair proportion of the rent herein reserved shall abate until the same have been completely restored, and a like proportion of any rent paid in advance shall be refunded to the Lessee.

WAIVER OF SUBROGATION

The Lessor agrees that the Lessee shall not be responsible for damages to the premises caused by fire and extended coverage perils.

QUIET ENJOYMENT

The Lessor agrees to put the Lessee in possession of said premises at the commencement of the term and agrees that the Lessee upon paying the rent reserved and performing the covenants and conditions hereof, shall peaceably and quietly have, hold and enjoy said premises and all appurtenances thereof during the full term without any interruption by the Lessor.

APPROACHES, EXITS, ETC.

The Lessor agrees that all entrances, exits, approaches and means of entrance and approach, and all light and air now enjoyed by said premises, shall be and remain intact and uninterrupted by any act of the Lessor during the term of this Lease, and that Lessor shall do no intentional acts which prevent the Lessee from at all times having unobstructed ingress and egress between each of the entrances to the premises and a public street, highway or alley.

TAKING FOR PUBLIC USE

The Lessor agrees that if said premises, or any part thereof, shall be taken by any Government or Governmental authority by eminent domain proceedings or otherwise, for any purpose whatsoever, the Lessee shall have the right to terminate this Lease at the end of any rental month by serving upon the Lessor not less than ten (10) days' previous notice in writing of its election so to do, said termination, however, to be subject to all the rights and liabilities of the parties hereto that may have accrued hereunder at the time of such termination; but if the Lessee should not elect to terminate, then from and after the taking as

aforesaid the rent reserved herein shall abate in a just and fair proportion.

LESSEE STATEMENTS

Lessee agrees upon any reasonable request by the Lessor to execute any and all documents (other than guarantees or subordination agreements) necessary to enable Lessor to obtain any mortgage or financing of the premises provided, however, that no documents so executed for financing so secured shall in any way impair or limit the Lessee's otherwise existing rights or quiet possession, rights of renewal, and options to purchase as provided for under the terms and conditions of this Lease.

LESSOR'S RIGHT OF ACCESS

Lessor or Lessor's agents shall have the right to enter the subject premises at all reasonable times both before and after normal business hours within the six months immediately preceding the expiration of this Lease or any extensions hereof to examine the premises and to show them to the prospective purchasers or Lessees of Lessor. Lessor's agents shall further have the right at any time during the term of this Lease or any extensions thereof to enter upon the premises during reasonable business hours to show them to any parties where such inspection of the premises is necessary and related to the obtainance of any financing by Lessor.

SURRENDER

At the expiration or termination of the Lease, Lessee shall surrender possession of said premises in the same condition and state of repair as received, ordinary wear and tear excepted.

GUARANTEE OF LEASE

This Lease is conditioned on the Lessee obtaining the guarantee of the State of Indiana to Lessor of all of the obligations and covenants of Lessee herein set forth in form acceptable to Lessor.

GENERAL

The failure or omission on the part of the Lessor or Lessee to enforce its rights upon any default or cause for default shall not bar or abridge its rights upon any subsequent default.

INDEMNITY

Lessee shall carry and maintain for the duration of the Lease a general liability insurance policy having limits of coverage of at least \$1,000,000, and Lessee shall name Lessor as an additional insured under such policy and shall hold Lessor harmless for all acts of its agents on or off the subject premises.

HEALTH AND SAFETY

The Lessee agrees that it will at all times during the term of this lease comply with all ordinances, orders, laws and requirements of all governmental authorities having jurisdiction over said premises respecting licenses, sanitary and health requirements, police regulation, fire prevention and nuisances; provided, however, that nothing in this paragraph shall require the Lessee to make or pay for any improvements, repairs, alterations, additions or structural changes to said premises.

FAILURE TO PAY RENT

The Lessee agrees that if the rent shall not be paid within thirty (30) days after written demand, the same being due, then the lease term herein granted may be terminated at the end of any

rental month at the election of the Lessor by serving upon the Lessee not less than thirty (30) days' previous notice in writing of such termination, or Lessor may pursue any other remedy it then has under the Lease or by law to enforce the terms and conditions hereof.

UTILITIES

The Lessee agrees to pay promptly all bills rendered for water, gas, and electricity used by it in said premises during said term.

TERMINATION OF LEASE

Notwithstanding any law to the contrary, no notice shall be required to terminate this Lease upon the expiration of the term herein provided; and the Lessee agrees that upon the expiration of the lease term by limitation, or its earlier termination in any other way, it shall be lawful for the Lessor, either with or without process of law, to enter into said premises and each and every part thereof, to expel, remove and put out of the same, the said Lessee and every other person or persons occupying or having possession thereof, and the same to repossess and enjoy as in their first and former estate.

HOLDING OVER

It is agreed, however, without in any manner impairing the covenants of the Lessee or the remedies of the Lessor in the next preceding paragraph, that should the Lessee hold over in possession after the expiration of the original term or of any extended term, such holding over shall not be deemed to extend the term or renew the Lease, but thenceforth a month-to-month tenancy shall be thereby created upon the same covenants and conditions as are herein set forth, at the monthly rate of rental in effect during the last month of the previous term, until terminated at the end of any rental month by either party by serving upon the other not less than thirty (30) days' previous notice in writing of such termination. Nothing herein contained, however, shall be deemed to limit any otherwise existing rights of Lessor or claims of Lessor against Lessee for damages arising out of such unlawful holding over.

NOTICES

All notices to be given hereunder by either party shall be in writing and given either by personal delivery to the Lessor or to one of the executive officers of the Lessee, or by registered mail addressed to the Lessor at the last known post office address of the Lessor or to the Lessee at its hereinabove given address; and notice given as herein provided shall be a sufficient service thereof.

ASSIGNMENT AND SUBLETTING

This Lease and all the terms, conditions and provisions hereof, shall be binding upon and shall inure to the benefit of the successors and assigns of the respective parties hereto, including the heirs, executors and administrators of the Lessor; provided, however, and the Lessee agrees that it will not assign this Lease without the written consent of the Lessor and agrees not to sublet said premises, or any part thereof, for any more hazardous business or purpose than that of the Lessee without the written consent of the Lessor; except, however, that the Lessee may assign this Lease or sublet said premises to any responsible subsidiary of affiliated company without obtaining such consent provided that the Lessee herein is not thereby relieved of its liability under the provisions of this Lease.

EXTENSION, MODIFICATION, ETC.

Any and all agreements hereafter made by the parties hereto to amend, change, extend, revise or discharge this Lease in whole or in part and on one or more occasions, shall not be invalid or unenforceable because of the lack of consideration, provided that such agreement or agreements to amend, change, extend, revise or discharge said Lease shall be in writing and executed by the parties hereto.

IN WITNESS WHEREOF the parties hereto have executed these presents all as of the day and year first above written.

INTERNATIONAL HARVESTER COMPANY

By _____

LESSEE

ATTEST:

Secretary

By _____

LESSOR

ATTEST:

Secretary

AMENDMENT

This Amendment made and entered into by the Board of Trustees of the City of Fort Wayne Community Trust this _____ day of _____, 1982.

WITNESSETH:

WHEREAS, the City of Fort Wayne Community Trust has been established by the Common Council of the City of Fort Wayne, Indiana pursuant to General Ordinance No. G-21-75; and

WHEREAS, the Board of Trustees of the City of Fort Wayne Community Trust as designed in said Ordinance entered into a Trust Agreement entitled "The City of Fort Wayne Community Trust"; and

WHEREAS, the Common Council of the City of Fort Wayne, Indiana has authorized the amendment of said Trust and the execution of said Amendment by the Board of Trustees;

NOW THEREFORE, The City of Fort Wayne Community Trust is hereby amended as follows:

Authorization is hereby given to the Board of Trustees to use Trust property, first out of income, for the financial commitments made by the City of Fort Wayne, Indiana, with respect to International Harvester Company's lease from Bobeck Real Estate Company, Inc. of real estate and facilities at the intersection of Meyer Road and New Haven Avenue in Allen County, Indiana, up to a maximum of One Million Five Hundred Thousand Dollars (\$1,500,000).

It is specifically noted that no Trust funds need be used at this particular time for such purposes enumerated herein, but that said monies would only be used, if at all, when deemed necessary under the Real Estate Purchase and Sale Agreement and related documents entered into by and between the City of Fort Wayne, Allen County, Indiana, and Bobeck Real Estate Company, Inc.. Thus, there is no invasion of any income of the Trust

corpus at this particular time but only authorization to use said monies in the future if deemed necessary.

If it is necessary to use such Trust funds, first out of income, and then out of corpus, all legal action will be taken at that time to accomplish same.

IN WITNESS WHEREOF, this Amendment has been made the day, month, and year first written above.

BOARD OF TRUSTEES

Winfield C. Moses, Jr.
Mayor
City of Fort Wayne, Indiana

Samuel J. Talarico
President
Common Council of Fort Wayne, Indiana

Frank W. Heyman
Controller
City of Fort Wayne, Indiana

Mark E. GiaQuinta, Chairperson
Finance Committee
Common Council of Fort Wayne, Indiana

Stephen Bailey, Chairman
Board of Public Works
City of Fort Wayne, Indiana

John Nuckols, Chairperson
Public Works Committee
Common Council of Fort Wayne, Indiana

Betty Collins, Member
Board of Public Works
City of Fort Wayne, Indiana

Paul M. Burns, Chairperson
City Utilities Committee
Common Council of Fort Wayne, Indiana

Roberta Staten, Member
Board of Public Works
City of Fort Wayne, Indiana

OFFICE BUILDING TRANSACTION REPORT

To: City Council

From: Mayor's Office

June 30, 1982

INTRODUCTION:

Several sessions ago, City Council considered and approved one part of an assistance package for International Harvester. Council indicated that it did not desire to consider additional phases of the package until final negotiations had been completed. The second phase of the Harvester arrangement is now ready for approval. The third phase, involving the Scout Plant may be forthcoming.

The International Harvester office building transaction is an innovative and important part of our total \$20 million package. Its approval will bring total benefits to IH to the \$15 million level and will also benefit the City through an annexation agreement, and by keeping GTE and Magnavox jobs in the area.

INTERNATIONAL HARVESTER OFFICE BUILDING PROGRAM

The second phase in the City's \$20 million assistance package for International Harvester is complex, but provides substantial benefits for both IH and the City of Fort Wayne.

The loan guarantee works as follows:

1. Duane Bobeck, a local developer, has agreed to purchase the North American Van Lines office building on the Meyer Road. Bobeck will secure \$1.5 million from private lending institutions for the purchase.
2. The City of Fort Wayne will guarantee the loan with \$1.5 million in light lease funds. This guarantee represents the maximum exposure on this deal.
3. As a condition of the purchase and guarantee, International Harvester will agree to consolidate its design operations and materials management operations in Fort Wayne by moving into the building purchased by Bobeck, and by relocating staff into the main assembly plant. These operations are currently separate and housed in two other buildings which are leased by International Harvester: the Design Center and the Materials Management Center.
4. General Telephone has agreed to consolidate some of its local divisions, thereby adding jobs to the area economy, in the truck design center.
5. Magnavox will continue its expansion in the Allen County area - thereby solidifying its role as the fastest growing employer in the region - by moving operations into the Material Management Center.
6. Harvester will receive \$1.1 million in cash for vacating its current office facilities. This cash injection is possible because the deal allows Harvester to capture the increased value of office space which they leased several years ago. Basically, Harvester's office space can now be released for more than Harvester is paying.
7. Harvester will relocate the materials management operation into the North American Van Lines building on Meyer Road. In order to avoid the necessity of using Harvester cash, Duane Bobeck will purchase the building from North American for \$1.5 million.
8. North American Van Lines, in addition to \$1.5 from the sale of the building could also obtain a \$1 million economic development commission bond. This \$2.5 million will be used by North American Van Lines towards the \$16 million purchase of 275 IH trucks, which will be manufactured in Fort Wayne.

The International Harvester office building transaction is an integral and highly desirable part of the City's total aid package to one of our most important employers. As we have indicated to Council on several occasions, Harvester is struggling with the decision about whether to keep two American truck manufacturing plants open, or to close one facility. This decision will be made, finally, after analysis of all the benefits and all the costs which exist for the company after completing negotiations with the unions, the suppliers and with local governments both in Indiana and Ohio. The more that we can do for International Harvester, the better the chances that it will be economical for them to keep the Fort Wayne facility alive. The City has committed, as we have said on many occasions, to total financial assistance in the range of \$20 million. This office building transaction will provide, in rough terms, about \$5 million in benefits to the company.

These include:

1. International Harvester will receive \$1.1 million in cash as compensation for vacating two leased office buildings.
2. International Harvester will substantially reduce operating overhead associated with the lease of office space - perhaps as much as \$500,000 a year.
3. International Harvester will save money in terms of ongoing overhead associated with utility costs.
4. International Harvester will receive a \$16 million truck order - which will keep employment levels in Fort Wayne constant through October.

The transactions sound pretty complicated, but they boil down to this: Harvester has leases on two expensive buildings. The company needs to get out of these leases and consolidate operations in a less costly structure. Our loan guarantee of the purchase of the North American Van Lines building will allow them to do just that. Harvester will have a better structure and more money to use in solving their financial problems.

The City of Fort Wayne will benefit from this arrangement in a variety of ways. First and foremost, however, we must remember that this deal should not and cannot be judged in isolation. Although Council has indicated its desire to approve each phase of the IH assistance package separately, these deals were in fact negotiated with IH as a package and they stand together in the sense that all of them together aim at the ultimate goal of obtaining a legal commitment from IH to remain in the City of Fort Wayne for the next decade. However much Harvester might desire to stay in this community, their decision will ultimately depend upon an appraisal of the bottom line. In the long run, Harvester needs the productive capacities of both Fort Wayne and Springfield. But the long run only counts if one survives the short run, and Harvester's corporate judgement is that they can only accomplish this if:

1. Local governments in Springfield and Fort Wayne provide substantial assistance, or
2. The company closes one plant.

The office building transaction is thus ultimately important because it contributes mightily towards our total effort for persuading IH to keep both plants open. It may be that the parts distribution center will stand on its own, and will be enough to persuade IH to sign long term legal commitments. But, the administration believes that any effort to find the minimum point of assistance in this case would be a basic misunderstanding of Harvester's situation. The reason is simple: Harvester no longer completely controls its own destiny. And what may be sufficient to Harvester's management, which genuinely desires to maintain productive capacity, may not be enough for bankers anxious to end IH's flow of red ink as quickly as possible.

The benefits to the City, then, are:

1. Keeping the Fort Wayne plant open, and preserving its 5,000 jobs.
2. An annexation agreement for the North American Van Lines building which will add to the City's tax base and provide us with the first property in the east end industrial area. This parcel will provide us with a foothold.
3. Ongoing production of heavy trucks in Fort Wayne through October. This will see the Company - from the local perspective - through its toughest period. North American's major order will keep Fort Wayne's assembly lines going until the economy and interest rates have a chance to rebound at least slightly.
4. GTE will preserve permanent jobs in the area's economy.
5. The City can further solidify Magnavox's commitment to the Fort Wayne area. Magnavox is critical to the City's economy. The rapid growth of the company and high technology areas offers the City its best chance to diversify the area economy.

The cost to the City is:

1. Nothing so long as Harvester does not default.
2. Something less than \$1.5 million if the sky falls in.

Why is the City's guarantee needed? Harvester is not bankable today. The banks, which have already made several billion dollars in loans to the company, are not willing to provide additional financing. Therefore, for Harvester to implement the sound business decisions necessary for recovery, it needs a one time injection of the security provided by State, County, and City loan guarantees.

The administration has indicated that this is a unique circumstance. Indeed, once the Harvester package has been finalized, the City will not be able to consider additional loan guarantees.

But, however unique and painful this experience is, we must keep in mind the alternatives. International Harvester is truly in perilous straits. Without help from every source, the company could be the next Braniff. And if that happens, Fort Wayne's economy will be in shambles. Unemployment would jump to above 20%. The City would lose its largest payroll. The housing market already devastated, would be dealt a blow greater than all the rest. The County's tax base would immediately shrink by a sizeable percentage, the City's would trend downward even more than it is today.

This particular transaction, however, has become an economic development effort which encompasses four of the City's most important corporate citizens. GTE, Magnavox, North American Van Lines and International Harvester all benefit from the arrangement. All three of the companies will be able to find a cheap and efficient way of expanding their operations in Allen County. The Administration believes that the total benefit to Fort Wayne's economy and the area's tax base are far greater than the risk which we are incurring.

Finally, the office building program represents a truly unique effort to preserve jobs. Corporate decisions that might ordinarily take months have been made in weeks. Logistical arrangements which would ordinarily take weeks are being completed in days. We hope that City Council's approval of this project will be the culmination of an extraordinary economic development endeavor. The willingness of North American, General Telephone, International Harvester, Magnavox and the other private principals in the deal to work together has been outstanding and commendable.



The City of Fort Wayne

July 7, 1982

Mr. John H. Logan
Logan and Stier
Attorneys and Counselors at Law
525 Lincoln Tower
Fort Wayne, Indiana 46802

File in this case.

Re: Bill No. S-82-06-31
An Ordinance authorizing the City's participation in a transaction involving International Harvester Company and the further amending of the City of Fort Wayne Community Trust

Dear Mr. Logan:

Pursuant to Council's request of Tuesday evening, I have enclosed the suggested amendment with respect to annexation. I promised Council that I would get the amendment language as soon as possible as this will allow the Council members the opportunity to review same.

I have provided each member with a copy of the proposed amendment as well as a copy of this letter. It is my understanding that the above Ordinance is up for final passage on Tuesday, July 13, 1982.

Thank you.

Sincerely,

Bruce O. Boxberger
Bruce O. Boxberger
City Attorney (Corporation Counsel)
City of Fort Wayne, Indiana

sj
Enclosure

cc: The Honorable Charles W. Westerman
Members of the Common Council of
the City of Fort Wayne, Indiana